

DELTICOM 
A k t i e n g e s e l l s c h a f t

Results FY 2006

April 4th, Frankfurt am Main

Agenda

I FY 2006 at a Glance

II Business Model

III Successful Q4 Despite Warm Winter

IV Financials

V Key Investment Highlights



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FY 2006 at a Glance

1 Redesign of the Tyre Distribution Chain

▶ Sales **173,1 Mio. €**
(+34 % yoy)

2 International Growth Story

▶ EU, USA, Japan – ↑:
+42 % yoy

3 Operational Excellence at Low Costs

▶ EBIT: **10,2 Mio. €**
(+79 % yoy)

4 Excellent Growth Opportunities

▶ Market share in Europe
approx. **1,5 %**

5 Sustainable and Profitable Business Model

▶ Dividend recommenda-
tion **1,20 €** (+20 % yoy)



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Tyres

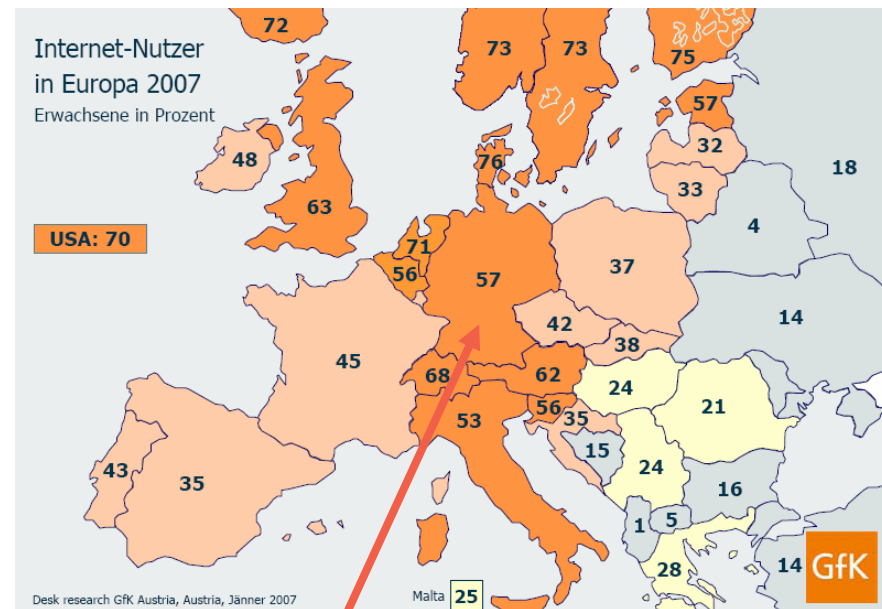
- relevant: **Passenger Car Tyre Replacement Market**
- Sales 2006 in D, according to BRV (Association of the German Tyre Industry)
 - Passenger Car Tyres total: 47,4 mil unchanged vs. 2005 (forecast: + 1%)
 - Winter tyres: 24,7 mil = + 2% (forecast: + 6,2%)
 - Summer tyres: 22,7 mil = - 2,2% (forecast -4,3%)
 - „Umrüstquote“ (reequipment rate): 57% (2005: 54%)
 - Increase in retail inventories in D: 3,4 mil
 - Forecast for 2007: + 2,1% increase in sales
- **ADAC „Reifenmonitor“ 2007**
 - 2,5% have bought their last set of tyres via the Internet (2006: 1,8%)
 - 18-29 bracket: 4,8% (2006: 3,3%)
 - 15% indicated interest to buy online in the future (2006: 14%)

▶ **Big, mature market**



Internet

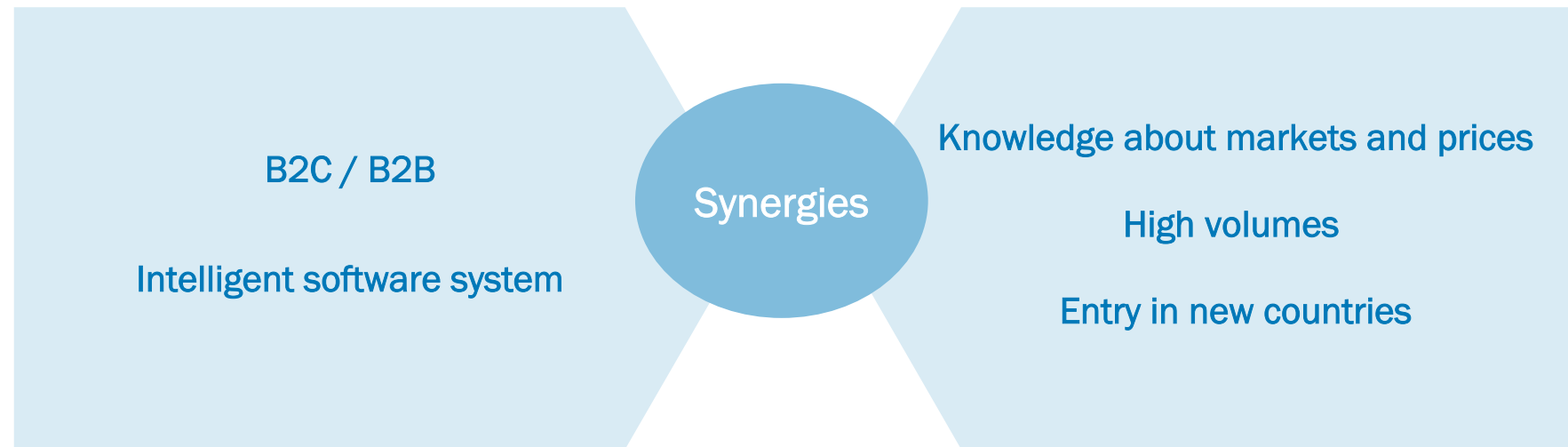
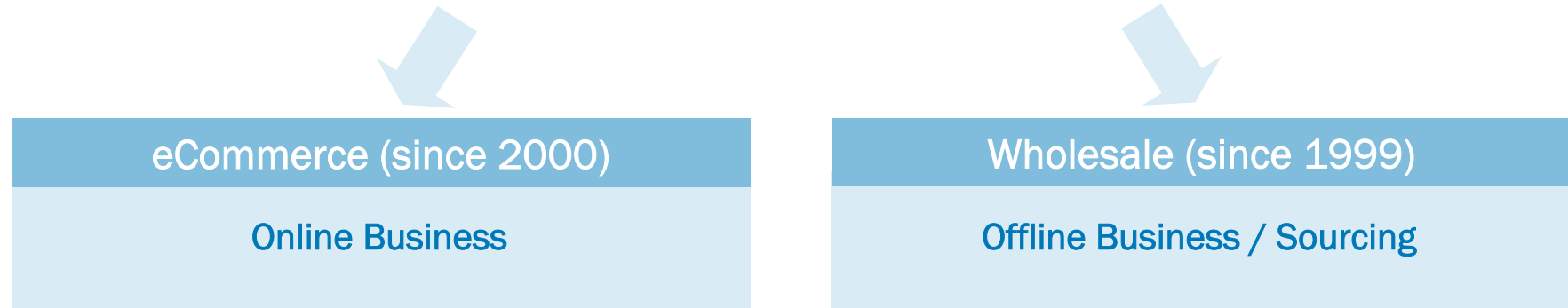
- BITKOM (Association of the German IT and Telecom Industry)
 - Germany 2006: 6% more citizens online than 2 years ago
 - **expected to increase to >70% in 2010 (2007: 57%)**
- France and Eastern Europe will catch up
- ~ 70 % of all North-Americans are in the Internet, but only 38,9 % Europeans and 10,7 % Asians
- B2C sales in D 2006 in D: 16,3 bil €



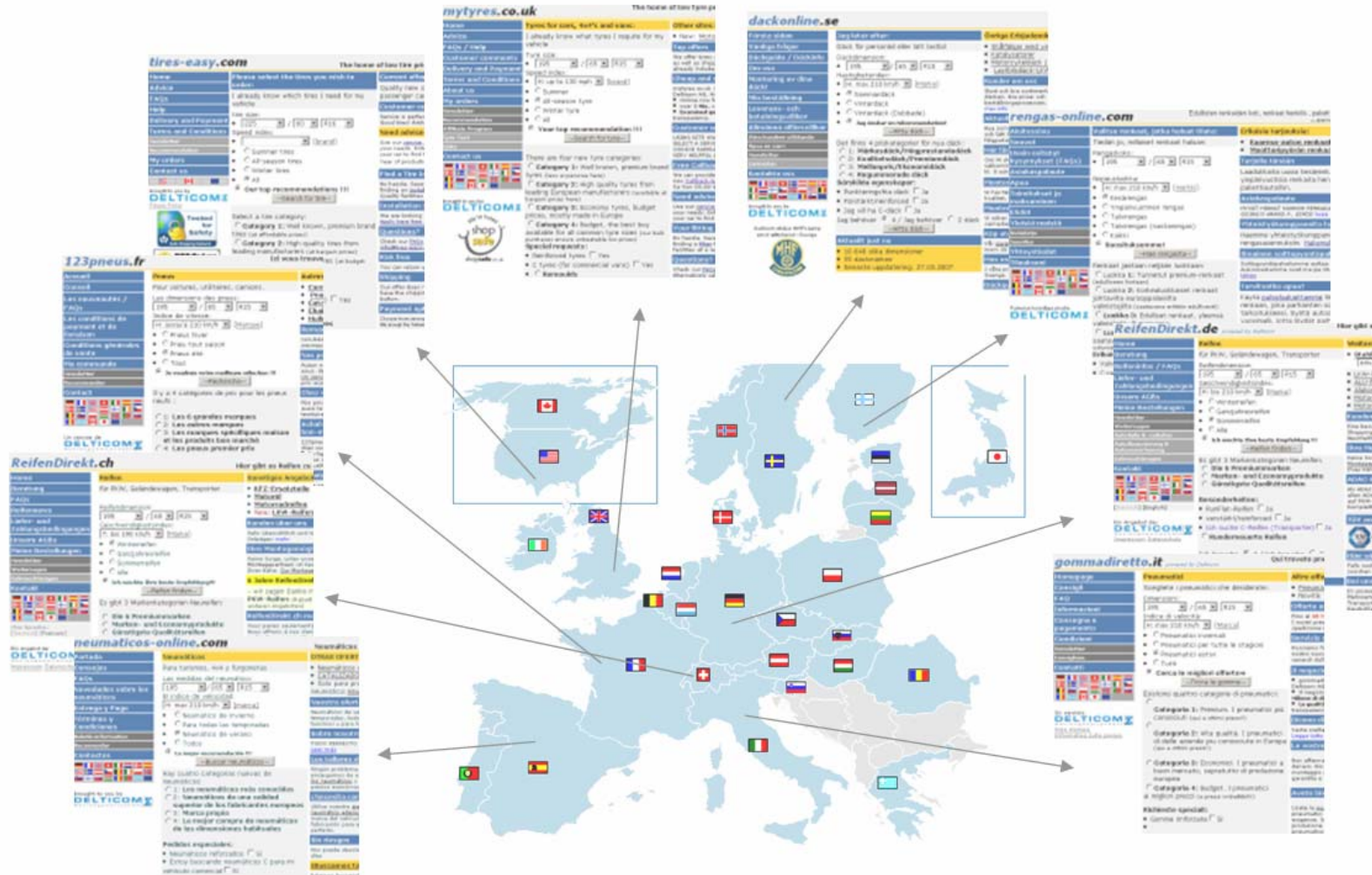
2010: >70%

▶ Internet-penetration is long-term driver of Delticom sales

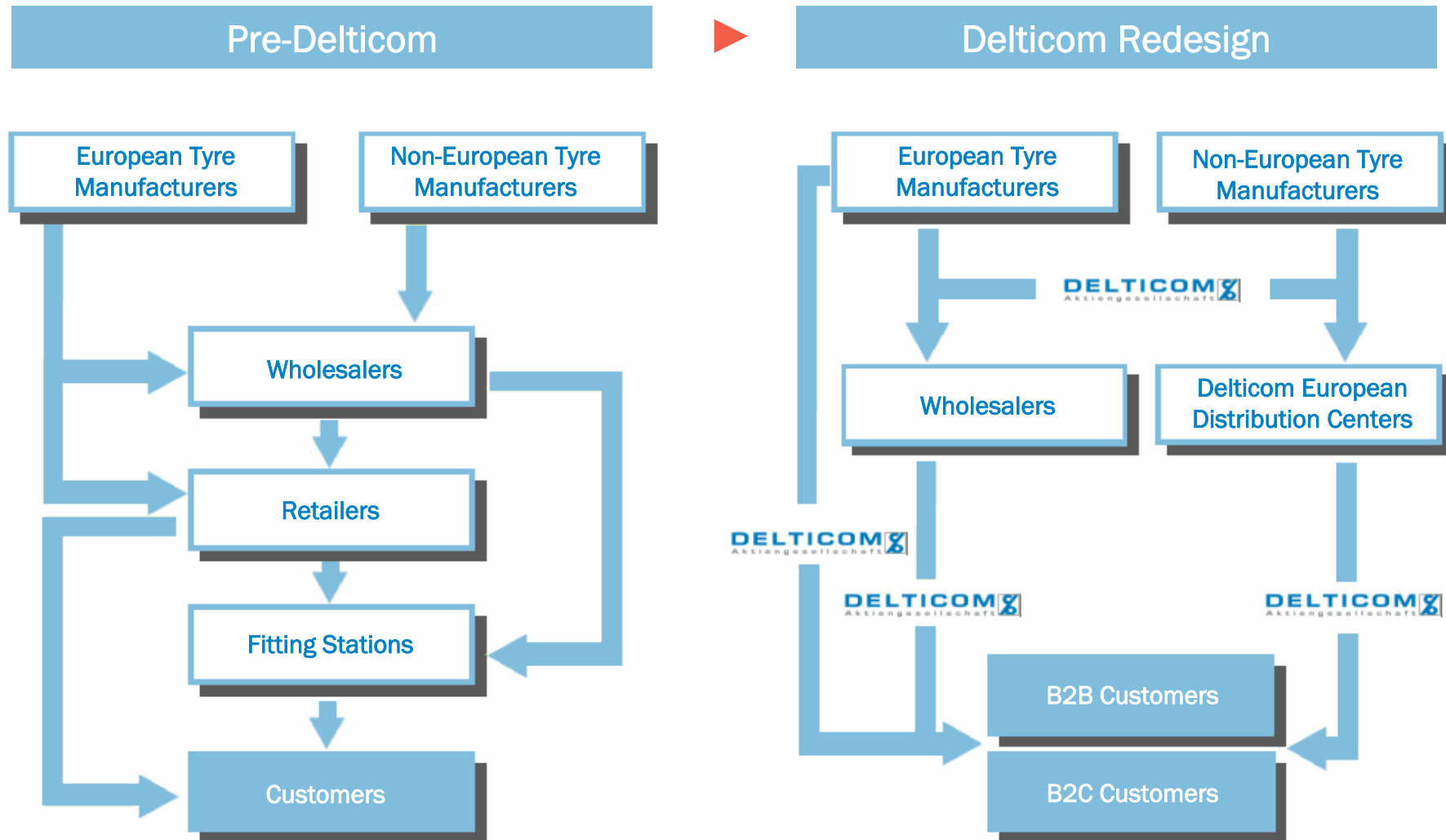
Delticom – Business Units



Delticom is European Market Leader



Redesign of the Tyre Distribution Chain



Strategy

Customer Orientation

- **Secure sufficient supply** in peak times through closer co-operations with suppliers and inventory management
- **Improve customer value:**
 - Time and money saving purchase process
 - Broader product offering
 - Larger network of service partners
 - customer services

Cost Leadership

- **Lower purchase prices** through increased purchase volume and early ordering
- Pooling of EU transport volumes to **reduce transportation costs**
- Keep organizational structure lean through attention to further **automation** and **outsourcing potential**

Growth Focus

- Utilize **first-mover advantage** through fast geographic expansion into new markets
- Establish **new shops** in existing markets in Europe
- Attract new customers by **increased marketing efforts**
- **Exploit customer value** through cross-selling and repeat purchases

▶ Will be continued in 2007



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Weak Winter Season

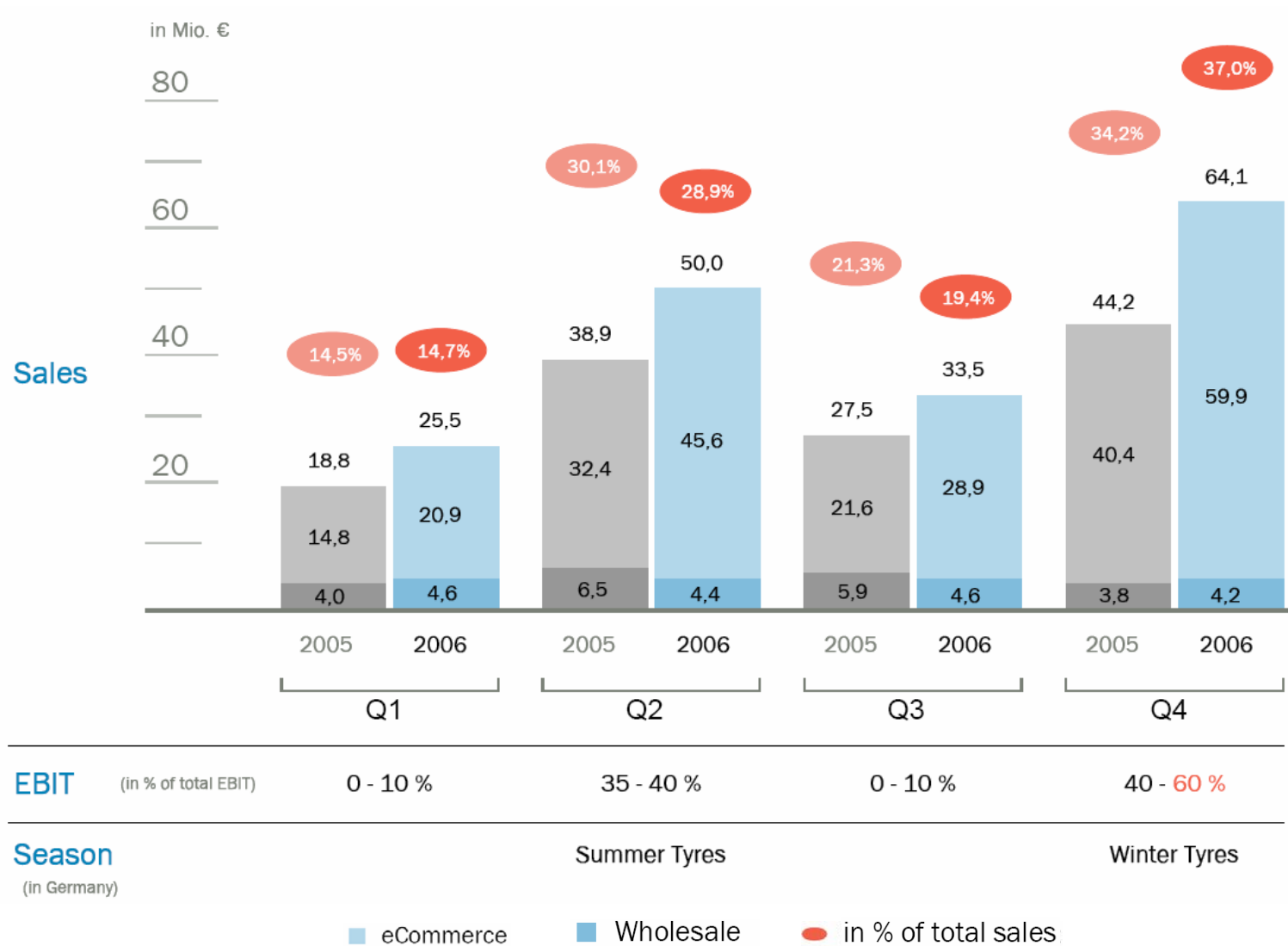
- ~1,5 mil additional tyres (vs. 2005) produced for 2006 winter season
- Winter tyre season started well in October.
- Problem: Demand surge of the „Reifenverordnung“ did not materialize (BRV):

„The winter was much too warm so that the new legislation (appropriate : tyres) did not result in a winter tyre boom.“

- Board decision: Focus on profitability despite warm winter and less sales than expected
- IPO helped to activate additional demand
- Also working in favor of Delticom: low price elasticity of demand in warm winters

▶ Stable and increasing margins

Strong Delticom Q4'06



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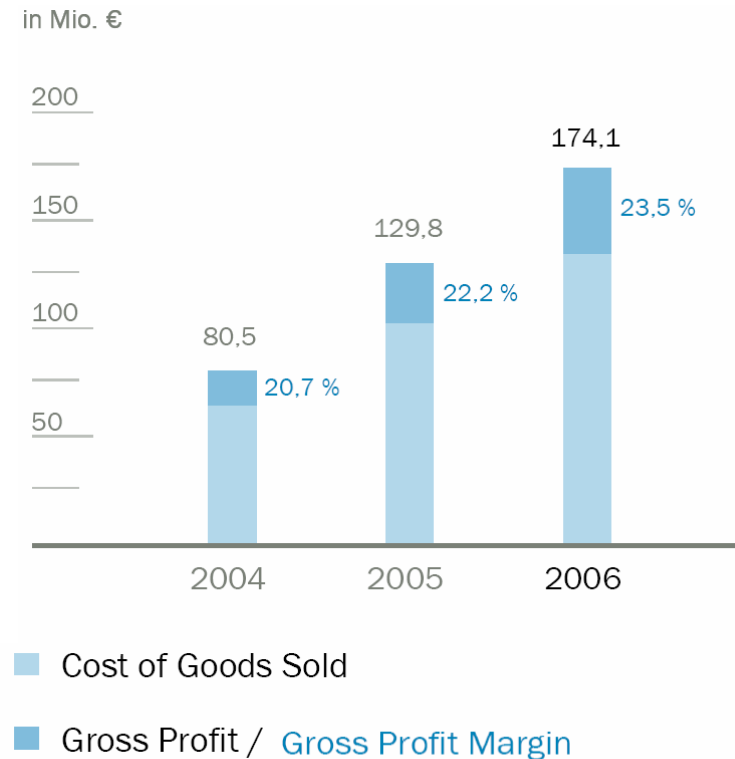
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Sourcing from Suppliers

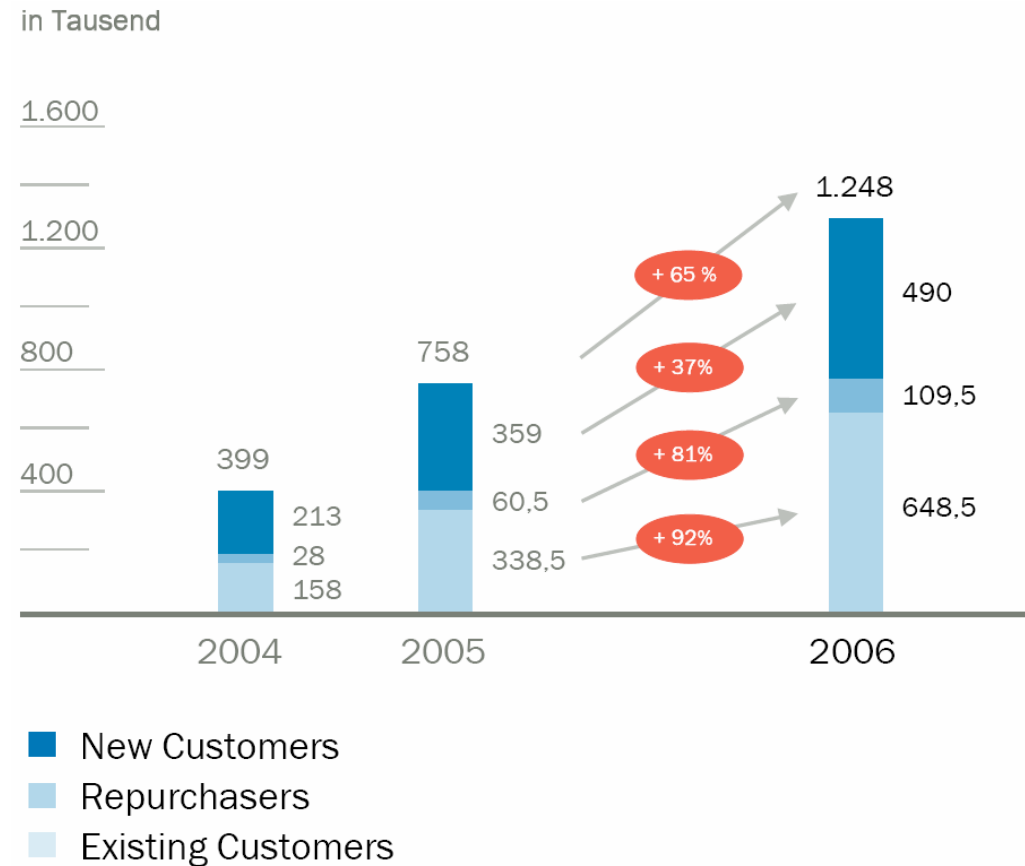
- **Global best price sourcing:** Dealer / manufacturer with best price (incl. Freight) gets the deal
- Communicate price changes in the market to **brand leaders** improves relationship to important players
- Delticom does not rely on standard „manufacturer-to-retail“ – data but creates own **B2C forecasts** which are communicated to manufacturers (early production planning)



► Strong supply-side network economics

Selling to Customers

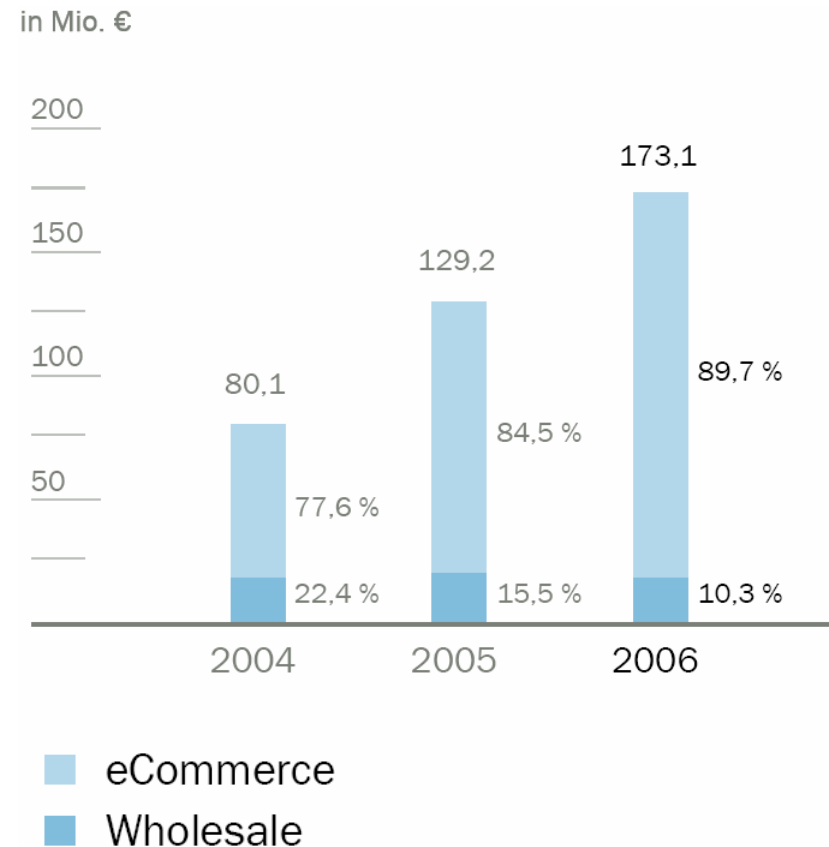
- Existing customers help to decrease seasonality in the topline
- Share of repurchasers increased (2005: 8,0%, 2006: 8,7%)
- Business still mainly driven by new customers (2005: 47,4% of total customers, 2006: 39,3%)
- Own survey show high customer satisfaction with price, offer and buying process



▶ Repurchases constitute important growth potential

B2C Sales Increased Relative to Wholesale

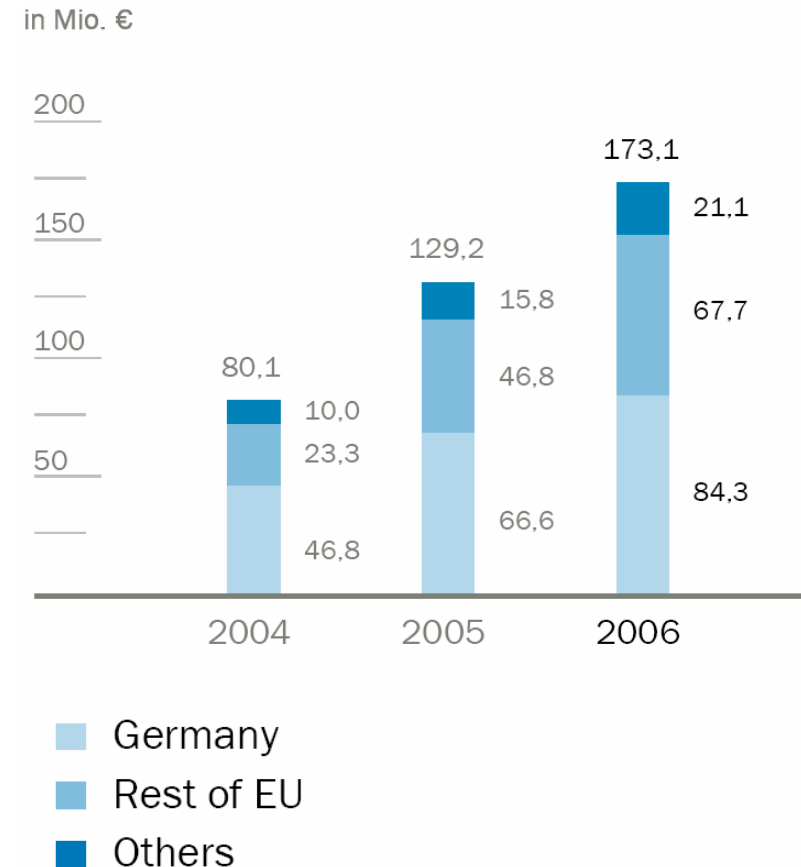
- **eCommerce increases in importance**
 - Delticom is european market leader
 - online-shopping + online-marketing: more and more customers find their way into the Internet
- **Wholesale remains important**
 - Set-up of logics chain in new geographical regions
 - Offtake-Agreements (private brands) need high volumes
 - Ensures availability for tyres for eCommerce



► **Delticom is european market leader**

Strong Non-Domestic Sales in 2006

- **Home market** remains the most important region
 - approx. 1/2 of total sales
 - still growing
 - significant growth potential
- **European Countries** are increasing in importance
 - big european markets (F, UK) contribute to topline and decrease seasonality risks
 - smaller special markets (CH, S, SU) are completely developed and generate strong profits
- **USA:** successful ramp-up as planned
- first shops in CAN, J and RU

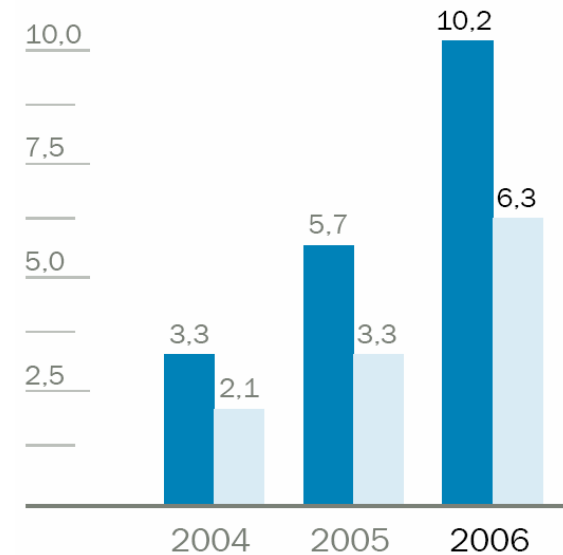


► Share of non-domestic sales > 50%

Surge in Profits 2006

	2005	2006	+ / -
Gross Profit Margin higher than expected	22,2 %	23,5 %	+ 1,3 %
Transportation costs slightly up	7,1 %	7,3 %	- 0,2 %
Inventory management costs slightly up	0,9 %	1,0 %	- 0,1 %
Profit from Price Advantages			+ 1,0 %
Marketing costs down	2,6 %	1,8 %	+ 0,8 %
Efficiency gains earlier than expected	0,8 %	0,5 %	+ 0,3 %
Profit from Cost Advantages			+ 1,1 %
Personnel costs	1,7 %	1,7 %	0,0 %
One-off IPO costs	0,0 %	0,6 %	- 0,6 %
Other costs	4,7 %	4,7 %	0,0 %
EBIT-Margin	4,4 %	5,9 %	+ 1,5 %

in Mio. €



■ EBIT
■ Net Profit

► Strong margins due to price- and cost advantages

Strong Growth

		2004	2005	2006	2004-05	2005-06
Sales	(Mio. €)	80,1	129,2	173,1	+ 61,3 %	+ 34,0 %
Gross Profit Margin	(%)	20,7	22,2	23,5	+ 7,2 %	+ 5,9 %
EBIT	(Mio. €)	3,3	5,7	10,2	+ 72,7 %	+ 78,9 %
Net Profit Margin	(%)	4,2	4,4	6,0	+ 4,8 %	+ 36,4 %
Net Profit	(Mio. €)	2,1	3,3	6,3	+ 57,1 %	+ 90,9 %
Earnings per share	(€)	0,71	1,11	1,97	+ 56,3 %	+ 77,5 %
Customers	(Tsd.)	399	758	1.248	+ 90,0 %	+ 64,6 %
Employees		40	48	62	+ 20,0 %	+ 29,2 %
Return on Equity	(%)	31,7	30,8	62,7	- 2,8 %	+ 103,6 %

Outlook on Sales and Margins

Continued sales growth

can be expected due to...

... Large underlying European replacement tire market

... Currently low tire online penetration rate of only around 1% in Europe

... Growth from increasing penetration of existing and new geographies

Good operating margin development

can be expected due to...

... Favorable changes in product mix and lower purchase prices

... Cost degression effects

... Ongoing operating cost reductions



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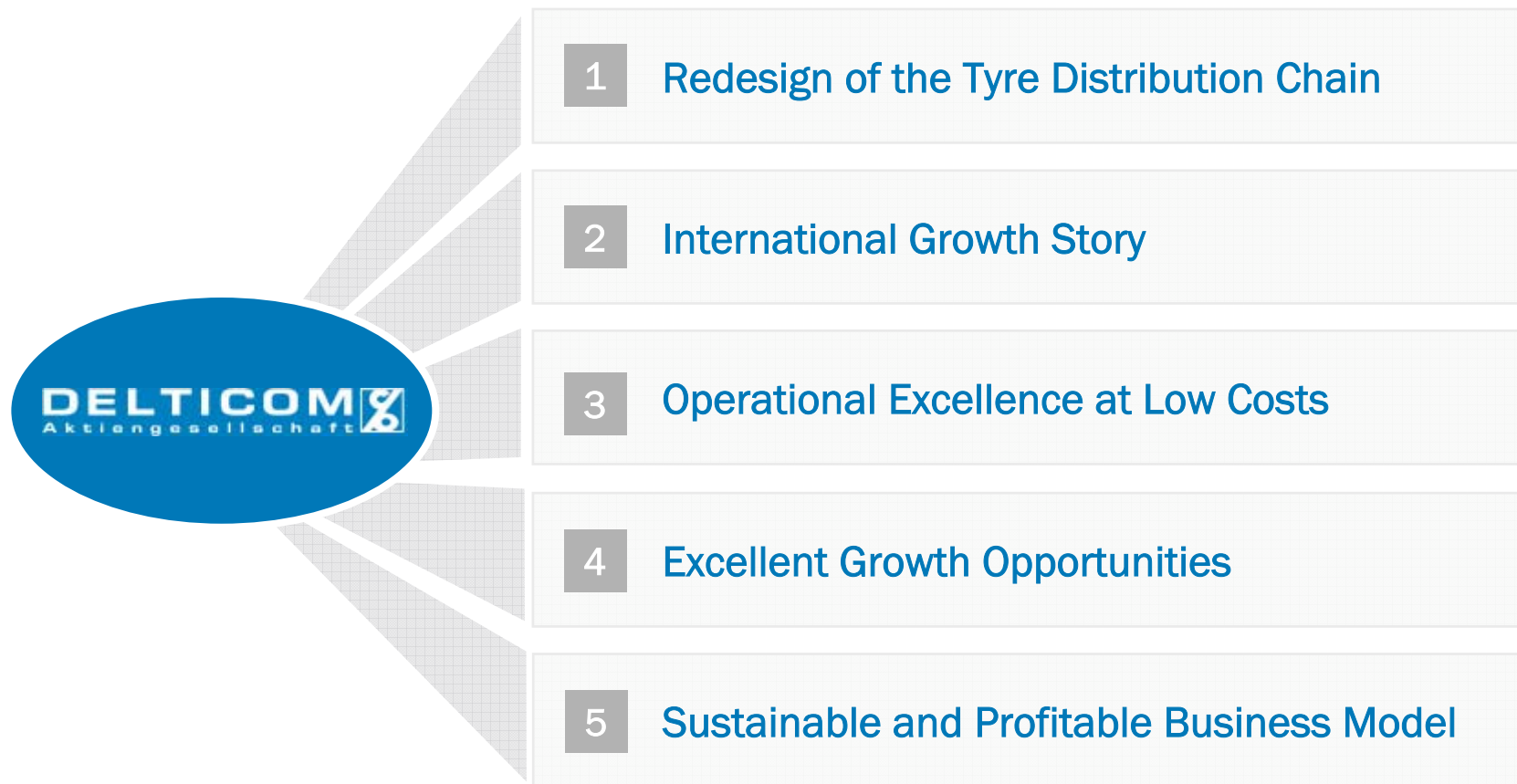
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Key Investment Highlights



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